

CLARION PARTNERS EUROPE ESG STRATEGY

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This document sets out Clarion Partners Europe Limited’s (“CPE” or “the Manager”) strategy for managing Environmental, Social and Governance (ESG) matters applicable to CPE’s managed funds. The purpose of the ESG Strategy is to provide a framework to ensure all ESG commitments, responsibilities and objectives are clearly defined and communicated to key stakeholders, both internal and external. This document will be reviewed and updated at least annually.

This document can be used to signpost users to additional material, documents and processes utilised by CPE to effectively integrate ESG matters into the overall fund strategy.

CPE Policy

CPE is a pan-European investor in income operating commercial real estate assets. We are committed to integrating the effective management of Environmental, Social and Governance (ESG) impacts into the full life cycle of investment decisions, where technically and economically feasible to do so. The ESG ambitions of CPE are articulated in this policy, which is intended to be applied to the operation of its managed funds and underlying assets.

In recognition that ESG is a key priority for our investors and key stakeholders, CPE has established an ESG strategy that is operated in alignment with good practice sustainability guidelines and, wherever possible, in-keeping with the United Nations’ Sustainable Development Goals. CPE believes that the integration of ESG programmes into acquisition strategies and via active asset management has the potential to add material value to the portfolio, while enhancing environmental and social conditions of our tenants and wider communications.

CPE Objectives

The pillars that underline CPE’s ESG objectives can be summarised as follows:

Environment – CPE intends to lessen environmental impacts and mitigate risks while investing in real estate through in-depth screening and monitoring of new and existing assets for environmental factors like energy and water efficiency, certification, net-zero alignment and physical climate risks. Enhancing an asset’s sustainability and reducing its environmental impact is top of mind when considering this focused area of ESG.

Social – CPE addresses the Social aspect of ESG both on a corporate level and an investment level. CPE supports employees and tenants through thoughtful programs and initiatives around sustainability, wellness.

Governance – CPE prioritizes transparency and accountability. It is governed by industry established practices and guidelines. CPE complies with and aims to exceed applicable regulations in the industries and communities in which we operate.



CPE's ESG objectives target both a top-down and bottom-up review of the fund strategy and individual asset initiatives to identify relevant and practical value-driven objectives. ESG priorities and expectations have been identified primarily via interviews with the CPE ESG Committee. All objectives have been reviewed and approved by the CEO. The following topics have also been taken into consideration:

Investment strategy – CPE is a pan-European investor in income-operating commercial real estate assets. We acquire assets subject to existing leases, invest through sale-leaseback transactions and fund build-to-suit and speculative developments. The assets are typically of strategic importance to the underlying tenant. The integration of ESG programmes into acquisition strategies and via active asset management has the potential to add material value to the portfolio.

Legislation – The European ESG agenda is driven by increasingly stringent legislation. Examples include Article 173 "Décret tertiaire " (France),(currently voluntary) Taskforce for Climate-related Financial Disclosure (TCFD) and the Sustainable Finance Disclosure Regulation (SFDR). CPE is acutely aware of the risk such legislation poses and sets objectives and targets to address the drivers that underpin such legislation, where relevant.

Investor expectations – CPE's investors consider ESG commitments, policies, procedures and programs to be an important consideration in particular peer benchmarking such as GRESB.

Clarion Partners – CPE has reviewed the existing [corporate responsibility commitments](#) implemented by Clarion Partners to align strategies, where relevant. For example, this includes the development of commitments that align with selected UN Sustainable Development Goals as well as identifying targets and performance metrics for implementation and alignment.

CPE has created a list of 'Key Objectives' that they feel are fundamental in successfully progressing their ESG journey. These Key Objectives have been defined and are set out on the following page of this document.

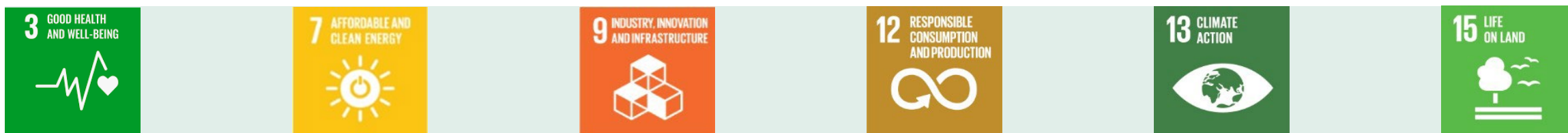
As of December 2022. The objectives described above are subject to change and there can be no guarantee that all objectives will be achieved



OBJECTIVES & TARGETS

Where appropriate, our objectives abide by the SMART criteria (specific, measurable, attainable, relevant and time-bound). Objectives and targets are reviewed by the ESG Committee on a regular basis and by the CEO at least annually. The Sustainable Development Goals CPE is committed to are displayed below.

Objectives outlined in the tables below have been set by CPE and separated out into the three main themes of ESG and while not mandatory or applicable to all assets, achieving these objectives should be considered by all.



Environmental Objectives

Item	Objective	Target	Scope	Timeframe	KPI	Responsibility	Status
E.1	Continue to implement a data management system to collate and analyse sustainability performance data	Obtain annual sustainability performance data	All assets held for longer than 12 months.	Annually	75% overall data coverage by floor area for utility consumption including water.	Property Managers	Last completed 2022
E.2	Obtain green building certification for standing assets and new developments	Obtain green building certification for at least 75% of standing assets. Obtain green building certification for 100% of all new development projects with a minimum 'Very Good' BREEAM rating or equivalent	Development sites at RIBA Stage 4 or earlier	Ad hoc	Achievement of green building certificate rating	Asset Management & Investment Team	Ongoing
E.3	Identify EU Energy Performance Certificate risk profiles (Phase 1) Establish minimum performance levels for standing investments when undertaking renovations and refurbishment projects (Phase 2)	(Phase 1) identify existing EPC profiles, including gaps (Phase 2) establish minimum performance level	All assets	Annually	100% coverage of assets	Asset Management	Phase 1 Last Completed 2022 Phase 2 2023

Continued on next page.

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OBJECTIVES & TARGETS

Environmental Objectives (continued)

Item	Objective	Target	Scope	Timeframe	KPI	Responsibility	Status
E.4	To seek 100% of landlord procured energy from renewable sources and encourage tenants in buildings with tenant procured energy to use sustainable energy.	New standard to be adopted by landlord for all assets with landlord-controlled energy. Tenants of buildings with tenant-controlled energy to be encouraged to use a green energy tariff (where possible via green lease clause).	All assets	Within one year of acquisition Ad hoc (tenants)	100% of all landlord-controlled electricity meter to operate on renewable energy tariffs or onsite renewable energy Notification of opportunity to 100% of relevant assets / tenants	Property Management	Ongoing
E.5	Undertake feasibility studies for onsite solar PV generation to mitigate against future climate change and resilience impacts	Understand which assets are suitable for PV generation	All assets (on prioritised basis)	2023	List of highest priority sites and corresponding feasibility study	Asset Management	In Progress
E.6	Encourage development and implementation of biodiversity strategies, where possible.	Identify locations with known biodiversity opportunities	All assets	2024	Reporting of existing initiatives and opportunities	Asset Management	In Progress
E.7	Seek to install electric vehicle charging points to alleviate local air quality issues.	Identify highest priority locations according landlord / tenant benefit	All assets (on prioritised basis)	Ongoing	List of highest priority sites and indicative installation costs	Asset Management	In Progress
E.8	Expand lifecycle and embodied carbon assessments across the portfolio and assess all new developments	Standard to be adopted for all new developments	All development assets	2022/ Ongoing	100% coverage of assets in scope	Asset Management	In Progress
E.9	Reach ULI Net Zero Goal	Reduce Scope 1 & 2 carbon emissions to net zero by the year 2050.	Landlord controlled emissions	Ongoing	100% coverage of assets in scope	Asset Management	In Progress

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OBJECTIVES & TARGETS



Social Objectives

Item	Objective	Target	Scope	Timeframe	KPI	Responsibility	Status
S.1	Continue to conduct tenant satisfaction surveys at least every 3 years and collaboration on improvement initiatives and sharing of data	Completion of tenant satisfaction survey Development of action plan to respond to survey findings	All assets	Every 3 years	100% coverage of tenants	Asset Management	Last completed 2020
S.2	Incorporate ESG responsibilities into role profiles across internal and external stakeholders, as relevant to role functions and where CPE has the ability to do so	Completion of ESG training to CPE employees	All employees responsible for CPE's managed funds	Ongoing	100% employee coverage via in person training and / or online distribution of training material	ESG Committee	In Progress
S.3	Carry out an employee satisfaction survey to establish improvement potential	Improve Employee Health and Wellbeing	All CPE Employees	Every 3 years	100% coverage of employees	ESG Committee	Last completed 2020
S.4	Explore feasibility of conducting health and wellbeing certifications like WELL for standing assets and new developments	Identify suitable assets for wellbeing certification within the portfolio and set targets for new developments	All assets (on prioritised basis)	2023	Reporting of existing initiatives and opportunities	ESG Committee	In Progress

Governance Objectives

Item	Objective	Target	Scope	Timeframe	KPI	Responsibility	Status
G.1	Continue to use an Environmental Management System (EMS) aligned to the international standard ISO14001:2015. Maintain alignment to ISO14001:2015	CEO sign-off of ESG Strategy. Integrate relevant ESG components into investment management process	All funds under management	Annually	Signed Policy Inclusion of ESG components within investment management process e.g. PMAs, acquisition checklist etc	ESG Committee	Ongoing
G.2	Continue to participate in GRESB and disclose results with investors, where requested.	Submission assessment for all funds under management with standing investments	All funds under management	1 st July (annually)	GRESB benchmark report	ESG Committee	Complete for 2022
G.3	Develop a fund sustainability report to disclose energy, water, carbon and waste impacts together with an overview of our performance programmes.	Production of INREV aligned fund report(s).	All funds under management that complete full GRESB assessment	31 st May (annually)	Publication of report	ESG Committee	Complete for 2022
G.4	Integrate ESG considerations into the acquisition process and assign governance oversight for material ESG risks to the Investment Committee.	Inclusion of material ESG risks into standard acquisition process	All funds under management	Ad-hoc exercise	Amendment of acquisition checklist and / or IC memo	Investment Team	Ongoing

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This ESG strategy has been developed by CPE at a corporate level. The ESG strategy aims to integrate within the CPE risk management process to ensure governance risks and ESG opportunities are integrated with business processes. The ESG strategy also integrates with fund level business processes across the asset life cycle including investment, fund, asset and property management activities, processes and procedures.

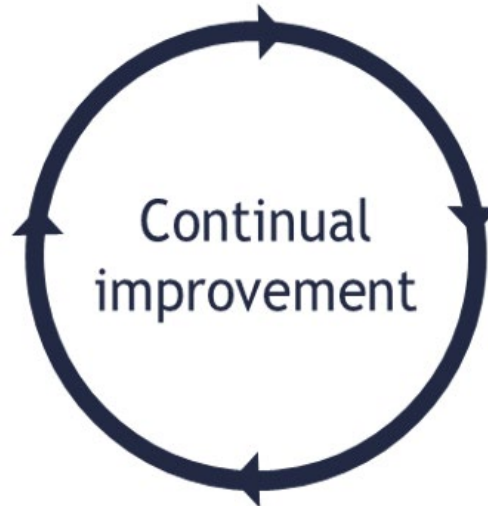
In alignment with the internationally recognised Environmental Management System Standard, ISO 14001:2015, CPE’s ESG strategy is underpinned by a “Plan-Do-Check-Act” approach, summarised as follows:

Review

- Progress reviewed through existing structures
- Adapt and improve approaches to future planning, implementation and measurement

Monitoring & Measurement

- Performance monitored at asset, fund and portfolio level
- Risk management process



Planning

- Compliance obligations
- Risks and opportunities
- Objectives and targets
- Asset improvement plans

Implementation

- Improvement programmes
- Minimum standards setting
- Training and communication

Figure 1 Continual improvement framework of the CPE ESG strategy



The structure of the ESG strategy document map is shown below. Each component directly supports the continual improvement framework depicted above, which in turn informs the ongoing review and development of documentation.



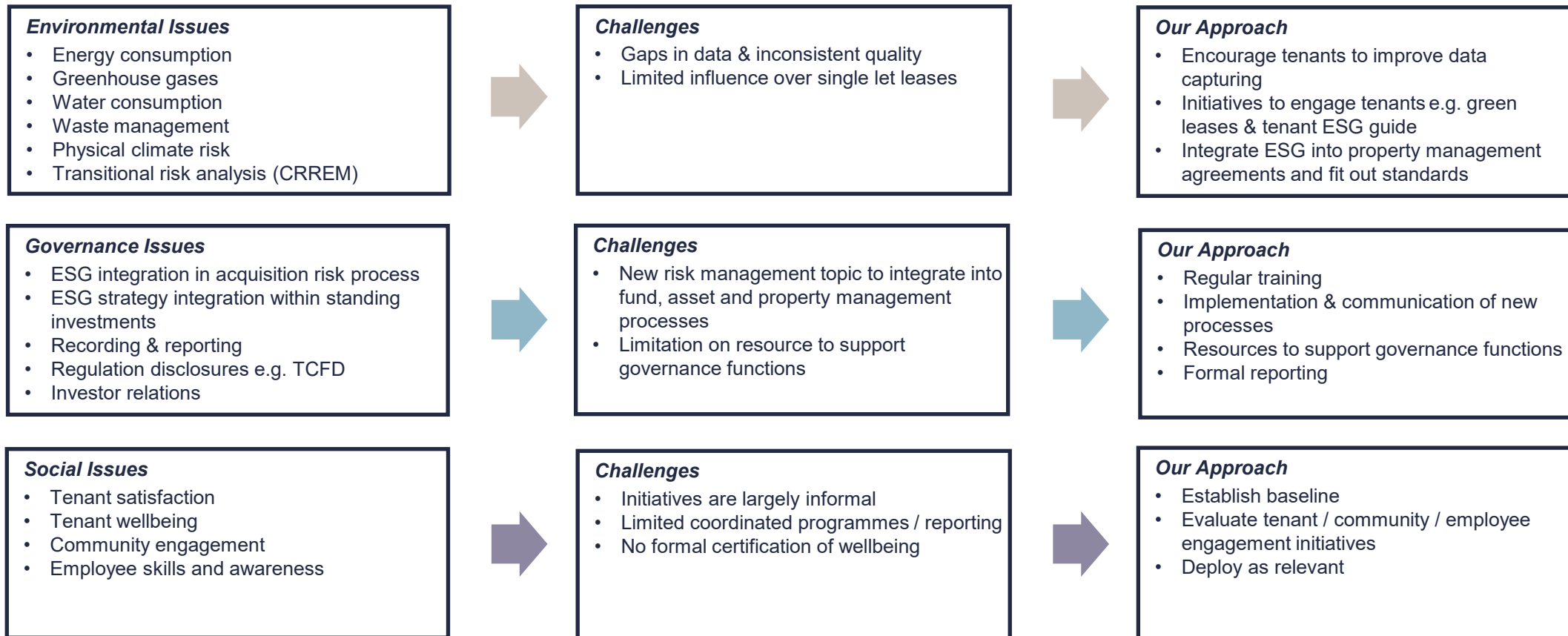


The table below outlines key documents which support the processes within the ESG strategy.

Stage	Document / Function	Strategic Relevance
Acquisition	ESG Due Diligence Report	<p>Sets out the sustainability criteria for consideration by due diligence vendors during acquisition. The document:</p> <ul style="list-style-type: none"> • Highlights investment critical issues • Establishes key criteria to be addressed during the due diligence process • Identifies required mitigation measures • CRREM • Physical Climate Risk <p>See Appendix 1 for a full list of topics.</p>
Acquisition	Acquisition checklist	Highlights ESG red flags identified during the due diligence process; for example, flood risk, energy performance (EPCs) and ESG enhancements required in addition to like-for-like technical replacements.
Acquisition	Investment Memorandum	Communicates, among other issues, material ESG issues and associated costs / liabilities identified during due diligence.
Operation	5-year asset business plan	Sets out the annual property management budget and five-year business plan. ESG initiatives, costs and impacts should be considered, as relevant.
Operation	Sustainability Audits	Periodically conducted by appointed third-party consultants to identify asset-level sustainability improvements, including energy, water and efficiency measures, and wellbeing initiatives.
Operation	Monitoring & Reporting (SIERA)	Ongoing programme to monitor performance at the asset-level. This includes data collection, validation and annual reporting of sustainability data.
Operation	Standard lease terminology	To include clauses (where acceptable to tenant) that can protect and / or enhance ESG performance of the asset and fund.
Operation / Engagement	Property Management Agreement / Property Management Reports	Inclusion of ESG requirements within Property Management Agreements (PMA) to enhance performance and minimise risk through Property Manager interventions, where appropriate. Monthly Property Management Report to contain update on notable ESG issues, as relevant.
Engagement	Employee Self-Assessments	Employees are required to include ESG within their performance self-assessments as far as applicable to their role profile.
Engagement	Fund ESG Report / Annual Report / Investor Report	Performance to be disclosed annually in an INREV-aligned report as a means to engage with key stakeholders on fund ESG performance and initiatives. Key findings to be incorporated into Fund Annual Report / Investor Reports, where appropriate.
Engagement	GRESB Disclosure	GRESB acts as a framework to evaluate our ESG credentials and disclose performance to investors, who use GRESB as an indicator of ESG performance. Data gathered for GRESB supports in producing 'ESG building/portfolio passport' for potential vendors/investors to understand an asset or whole funds performance



The diagram below summarises the key risks, enablers and challenges that CPE has considered in its approach to managing ESG matters. By developing ESG Objectives (see Section 3), CPE has incorporated ESG risk mitigation measures into its investment process to manage these issues, as appropriate.





Key roles and responsibilities have been defined to ensure effective operation and integration of the ESG strategy.

Chief Executive Officer (CEO)

The CEO of CPE has ultimate authority over the ESG strategy. The CEO is responsible for ensuring the ESG framework is appropriately resourced and is effective in satisfying the needs of stakeholders, including the Boards of funds under management. The CEO delegates responsibility for enacting this ESG strategy to the appropriate teams and conducts regular reviews. The CEO is the most senior decision-maker accountable for ESG issues.

Global Head of ESG

The Global Head of ESG is responsible for ensuring alignment with Clarion Partners global ESG commitments.

ESG Committee

The ESG Committee is responsible for ensuring the ongoing development, maintenance, review, and improvement of this ESG framework and its implementation. The ESG Committee identifies the expectations of stakeholders and, in light of CPE's wider commitments, establishes and reviews fund-level objectives and targets. It is comprised of employees from multiple departments of the business to ensure the implementation of ESG measures into all aspects of the business.

Investment Team

During acquisitions, the Investment Team will seek to conduct adequate ESG due diligence and communicate material ESG risks and opportunities via the Investment Committee Memorandum. This ESG policy and ambitions should be considered within the initial acquisition target phase.

Asset Management

The Head of Asset Management along with support of the Asset Managers is responsible for supporting environmental and social improvement programmes at the asset-level, ensuring that adequate resource is provided to manage ESG risks and opportunities appropriately. This may include enacting, where feasible, the inclusion of green lease terminology, inclusion of ESG requirements within property management agreements and supporting property management reports, and the progression of ESG initiatives at asset level.

Risk Management

Risk Management maintain processes to identify direct, governance-related risk exposure as part of the wider risk management processes. This includes risks such as bribery and corruption, and human rights.

All CPE Employees

All employees are required to understand the ESG related impacts of their role which is covered in their annual performance appraisal. Employees are actively encouraged to participate in ESG training sessions, where involved in managing the funds in order to deliver their responsibilities against the requirements and commitments of the CPE ESG Policy and Strategy.



DATA MANAGEMENT

CPE has an internal and external data tracking system for sustainability data. The external data management system SIERA is managed by CPE’s appointed ESG consultancy Evora.

All utility data, including waste, is to be provided where possible on actual consumption figures (records from automatic or manual meter readings or supplier provided invoices). The use of estimates is avoided wherever possible. Where actual data cannot be obtained and estimates have to be used as a result, we use methodologies that we believe to be market standard and sufficiently accurate. Any data quoted that cannot be validated as actual consumption is to be caveated as such.

CPE recognises that obtaining tenant ESG data can be challenging, particularly during busy periods, and while CPE continues to encourage and support tenants in gathering this data it is not always possible. Working in collaboration with both current and potential/future tenants, CPE is introducing clauses to tenancy contracts with the view to better support data collection processes while protecting data privacy.

Prior to submission of data, property managers and site teams are encouraged to undertake an initial verification exercises to review accuracy and completeness of reported data. EVORA, shall seek to undertake additional verification to understand anomalies and potential errors in data submitted by property managers. Further clarification will be requested from property managers where annual like-for-like and / or degree day adjusted usage differs significantly.

In addition to verification by our appointed ESG Consultant, all data reported to GRESB is to be assured by a 3rd party to data assurance standard AA1000 Principles prior to each years’ submission.

Acquisition	Property Management
<p>Sustainability Aspects</p> <ul style="list-style-type: none"> • Green Building Certification • Data automation • Waste management/ recycling • Biodiversity/ Green spaces • Asset accessibility • E-vehicle charging • Renewable energy • Energy efficiency <p>Climate Resilience</p> <ul style="list-style-type: none"> • Transitional risk analysis (CRREM Tool) • Physical climate risks (Four Twenty Seven or similar) • SFDR, Taxonomy & EU Legislation (as applicable) 	<ul style="list-style-type: none"> • Utility data monitoring consumption • Energy performance certificates (EPCs). • Implementations of post-audit recommendations • Energy efficiency upgrades • Tenant engagement such as surveys
Asset Management	
<ul style="list-style-type: none"> • Green lease clauses • Occupier guides • Occupancy rates (or collation of GRESB reporting documents) 	



CPE recognises the need to work collaboratively with our supply chain, so it can positively influence the impact of its funds and assets through the progression of our ESG objectives.

Prior to appointment, whether assets are standing or under construction, CPE will consider contractor and supplier ESG performance as relevant to the appointment across a range of topics, such as:

- **Business ethics** – for example, via the provision of policies relating to:
 - Corporate social responsibility / ESG
 - Bribery and corruption policies
 - Child labour / modern slavery
 - Working conditions and worker rights
- **Environmental process standards** – for example, procedures relating to:
 - Waste management
 - Conservation of resources (energy, water, materials)
 - Implementation of Environmental Management Systems
- **Environmental / health product standards** – for example, via the use of materials with:
 - High recycled content
 - Low volatile organic compounds (VOCs)
 - Minimum standards for the health-related attributes of products
- **Health, safety and wellbeing programmes for employees, tenants and/or sub-contractors**

CPE will seek to encourage major suppliers to implement the following programmes where appropriate:

- Development of an ESG Policy and / or strategy. Development of an action plan in relation to ESG initiatives and reporting programmes to be undertaken at sites owned by CPE funds.
- Reporting to CPE on the implementation of ESG related actions including a review and evaluation on effectiveness and measurable impacts, where possible.
- Completion of training programmes to employees, as relevant, to ensure site based ESG risks and opportunities, as well as contractual requirements, are understood.

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RISKS RELATED TO ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (“ESG”) MATTERS

CPE can choose, in its discretion, whether to take into account ESG considerations in its investment decision-making, as and to the extent consistent with its fiduciary obligations, applicable law, and the relevant governing documents and investment management agreements of its clients (as applicable). In certain circumstances, due to ESG considerations, CPE may not make or not recommend the making of investments when it would otherwise have done so, which could adversely affect the performance of a client’s portfolio. On the other hand, CPE may determine not to take such considerations into account. The extent to which CPE takes ESG considerations into account varies from client portfolio to client portfolio, based on, among other things, the portfolio’s investment objective, investment strategies, and investment restrictions, as outlined in the relevant governing documents and investment management agreements of its clients (as applicable) as well as applicable law.

CPE is dependent upon ESG information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate, or unavailable, which could cause CPE to incorrectly assess a potential investment’s ESG attributes and/or related risks and opportunities. While ESG is only one of the many factors CPE might consider in making an investment, there is no guarantee that CPE will consider such factors at all (beyond obligations arising from fiduciary obligations, applicable law, and the relevant governing documents and investment management agreements of its clients) or that CPE will successfully implement and make investments that create positive ESG impact while enhancing value and achieving financial returns. ESG initiatives may not achieve the desired financial and social results, or the market or society may not view any such changes as desirable. Any successful engagement efforts on the part of CPE will depend, in part, on CPE’s skill in properly identifying and analyzing material ESG data and factors, and their potential impact on value. There can be no assurance that any ESG techniques employed will be successful.

PHOTOS

Photos used in this presentation were selected based on visual appearance, are used for illustrative purposes only, and are not necessarily reflective of all the investments of CPE or the investments CPE will make in the future.